

Appeal No. 22-1769, 22-2261

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

LONE STAR TECHNOLOGICAL INNOVATIONS, LLC,

Plaintiff-Appellee,

v.

ASUS COMPUTER INTERNATIONAL,

Defendant

ASUSTEK COMPUTER, INC.,

Defendant-Appellant

On Appeal from United States District Court for the Eastern District of Texas
Case No. 6:19-cv-00059-RWS

**APPELLEE’S RESPONSE TO COMBINED PETITION FOR PANEL
REHEARING AND REHEARING EN BANC**

Jennifer Ishimoto
ishimoto@banishlaw.com
BANIE & ISHIMOTO LLP
2100 Geng Road, Road 210
Palo Alto, California 94303
Telephone: (408) 981-9472
Facsimile: (650) 241-2770
*Attorney for Appellee Lone Star
Technological Innovations, LLC*

CERTIFICATE OF INTEREST

Counsel for Appellee certifies the following, pursuant to Federal Circuit Rule 47.4:

1) Full name of every party or amicus represented in the case by the attorney:

Lone Star Technological Innovations, LLC

2) Name of real party interest if the party named in the caption is not the real party in interest:

Not applicable.

3) The corporate disclosure statement prescribed in Fed. R. App. P. 26.1 and identifying each party with its parent corporation or any publicly held corporation that owns 10% or more of its stock:

TGT Enterprise, LLC

4) The names of all law firms and the partners and associates that have appeared for the party in the lower tribunal or are expected to appear for the party in this court and who are not already listed on the docket for the current case:

Listed below are counsel that were involved in the lower litigations:

1. Carter Arnett PLLC:

a. Michael Clayton Pomeroy

b. Monica Litle Goff

c. Joshua James Bennett

- d. Bradley David Liddle
- e. Daniel Louis Schmid
- f. Dorothy Abzanka Culham
- g. James Robert Arnett, II
- h. Laura Maninger

2. Wittliff Cutter PLLC:

- a. John David Saba, Jr.

3. Hardy Parrish Yang LLP:

- a. William Morrison Parrish

4. DiNovo Price Ellwanger & Hardy LLP:

- a. Minghui Yang

5. Banie & Ishimoto LLP:

- a. John Alexander Lee

Dated: April 4, 2025

/s/ Jennifer Ishimoto
Jennifer Ishimoto

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ARGUMENT

I. Lone Star Met Its Burden To Prove That It Owned The '435 Patent And Thus Lone Star Had Standing

In its Petition for Panel Rehearing and Rehearing En Banc (herein after referred to as “Asus’s Petition for Rehearing”), Asus continues to conflate statutory standing and Article III standing. Lone Star has done its best to address the issues that Asus presented.

Asus also does not offer any reason to justify its petition for rehearing. By its own admission, the cases cited by Asus were cases previously raised. Further, Asus attempts to bring new arguments around those cases that it could have (but did not) raise in its Reply brief. The bottom line is that Asus seeks to reargue issues that were previously presented, but not accepted, by the panel.

Even more egregious, Asus does not offer any reason why it should be granted rehearing *en banc*. This circuit has previously given the following reasons why the case may be reviewed *en banc*:

- 1.) Necessity of securing or maintaining uniformity of decisions.
- 2.) Involvement of a question of exceptional importance.
- 3.) Necessity of overruling a prior holding of this or a predecessor court expressed in an opinion having precedential status.
- 4.) The initiation, continuation, or resolution of a conflict with another

circuit.

Asus does not explain how any of these apply to this case, nor does it cite any authority or give any other reasons for why this case needs to be reheard *en banc*.

A. Factual Background Regarding Standing

Before addressing the rehashed and, in some cases, new arguments from Asus, Lone Star sets forth the following facts that are applicable to all the standing arguments.

First, assignments recorded with the USPTO show an unbroken chain of title. Asserted U.S. Patent No. 6,724,435 identifies Oplus Technologies Ltd. as the assignee. Appx7584-85. The assignment recorded with the USPTO on August 6, 2001 is an assignment from Inventor Segman to Oplus. Appx7584-85. Subsequently Oplus assigned the '435 Patent to Lone Star and it was recorded with the USPTO on October 16, 2013. Appx7587-90. The unbroken chain of title assignment record provides Lone Star the presumption that it is the patent owner. Asus bears the challenge of rebutting this presumption. Appx29.

Only during post-trial briefings did ASUS raise the issue of any type of standing or patent ownership issues. Prior to trial ASUS did not file a motion to dismiss based on lack of standing, did not file a summary judgment based on lack of standing, did not send any discovery requests or take any depositions related to standing. At trial, Lone Star's corporate witness testified that Lone Star owned the

'435 Patent. Asus did not cross-examine Lone Star's witness (Mr. Rice) regarding any factual issues relating to the standing issues. Asus chose to only ask Mr. Rice if he was shown during his direct examination any document that proved ownership of the '435 Patent. Asus did not ask Mr. Rice if such documents exist, nor did Asus cross-examine Mr. Rice on the details he gave regarding his testimony of ownership. Appx2012-2013.

Third, a detailed discussion of the facts regarding ownership of the '435 Patent and Asus' late raised claim of lack of standing were given in Lone Star's Responsive Brief before this Court. *See* ECF 58 at 4-12.

B. The Panel Correctly Found That Asus's Statutory Standing Argument Has Been Forfeited

A pretrial order supersedes all pleadings and controls the subsequent course of the case. *Rockwell Int'l Corp. v. U.S.*, 549 U.S. 457, 474 (2007). Pretrial orders are *binding* on the parties—and yes, even throughout the course of trial, despite ASUS's arguments in court. *Arsement v. Spinnaker Exp. Co.*, 400 F.3d 238, 245 (5th Cir. 2005). The exact point of a pretrial order is to “control the scope and course of a trial.” *Id.* That is why any “claim *or issue* not included in the order is waived[.]” *Id.*

Asus now (for the first time ever) argues that *Arsement* does not apply to a party that bears the burden of proving an issue at trial. Under Asus's logic, a party

that does not have the burden on an issue, can raise it at anytime, regardless of whether it relates to anything else. Here, the District Court explained the law regarding burden of proving standing in denying Asus's motion challenging Lone Star's standing to bring suit. Appx26-Appx29. The Court concluded that "a patent assignment recorded by the USPTO has the presumption that it owned by the assignee, the party challenging standing must rebut that presumption. *SiRF Tech., Inc. v. Trade Comm'n*, 601 F.3d 1319, 1327-28 (Fed. Cir. 2010)." Appx28. As stated above, there were two assignments filed with the USPTO prior to this lawsuit. These assignments present an unbroken chain of title, and the burden of proof was then on ASUS to challenge the issue. ECF 58 at 9-10. It was Asus that chose not to investigate this matter and not even raise it as an issue before trial.

Further, the cases cited by Asus in its current Petition for Rehearing are the same as those in its original briefs. Those cases are also not applicable nor align with the facts of this case.

First, ASUS tries to escape the weighty consequences of its omission by citing cases like *Pacific Indemnity Co. v. Broward County*, 465 F.2d 99 (5th Cir. 1972). But the Federal Circuit's holdings in cases like *SiRF* make short work of that argument: given Lone Star's undisputed status as record owner with the USPTO, ASUS—not Lone Star—bears the burden of proof and must prove Lone Star lacks standing. And, as *Pacific Indemnity* itself confirms, ASUS's failure to indicate in the pre-trial order that an issue remained to be resolved on the facts establishing

standing should now preclude a challenge to the facts underlying that issue because ASUS has “the burden to prove the issue.” *Pacific Indemnity Co.*, 465 F.2d at 103. So, having waived its right to challenge those *facts*, ASUS is precluded from meeting that burden.

Second, in *Miraglia v. Bd. Of Supervisors of the La. State Museum*, 901 F.3d 565 (5th Cir. 2018), the Court stated: “So despite our general rule that losing parties waive arguments that were not raised below, our cases have specifically carved out an exception for sufficiency of the evidence on an element of liability to be proved at a bench trial.” This was not a bench trial, and thus, any exception to waiving arguments not cited in the Joint Pretrial Statement is not applicable here. Further, in that case, Miraglia argued that the Museum had waived its right to argue intent prior to the trial by not specifically listing “intent” on its pretrial list of issues. However, in that case, Miraglia (the opposing party) had taken actions pretrial that implied that he thought “intent” was in dispute. Specifically, “after the pre-trial order was filed, [Miraglia] filed a pre-trial memorandum stating what type of intent he thought he needed to prove in order to be entitled to damages.” *Id.* Thus, all the parties were on notice of the issues to be decided at trial.

Here, Asus chose not to raise the standing issue either (1) before trial in the Joint Pretrial Statement or (2) during trial by controverting the testimony of Mr. Rice (Lone Star’s witness), who testified that Lone Star owned the ’435 Patent. Again, Asus asserts it raised standing because it listed as a contested issues of law and fact: “whether Lone Star is entitled to damages for alleged infringement by ASUS.” There could be all types of reasons why Lone Star could not be entitled to

damages. Full discussion of this argument was already provided and considered by the panel.

Likewise, Asus chose to only ask Mr. Rice if he was shown during direct examination any document that proved ownership of the '435 Patent. Asus did not ask Mr. Rice if such documents exist, nor did Asus cross-examine Mr. Rice on the details he gave regarding his testimony of ownership. Appx2012-Appx2013. Again, all of this was considered by the panel, who concluded that this one question did not amount to controverting Mr. Rice's testimony.

Finally, even if Asus did not waive its statutory standing challenge, Asus still does not argue how Lone Star failed to meet its statutory challenge. Asus factual analysis relating to standing all apply to Article III standing. It should also be noted that ASUS did not raise statutory standing (only Article III standing) in its post-trial motions before the District Court, giving further reason why Asus has waived the issue. Appx26-Appx29.

C. The Panel Properly Found that Lone Star Had Fulfilled Its Article III Standing Requirement

Asus rehashes old arguments regarding Article III Standing. As a preliminary matter, Lone Star did not hide any documents or information from Asus. Asus chose not to seek discovery – either in depositions or through documents – regarding standing and/or patent ownership. Lone Star listed the assignments and other sales documents on its exhibit list. Appx1475. If Lone Star did not have the

documents, it could have raised the issue with the Court. At any rate, the assignments that Asus questions were filed with the USPTO (and thus, available to the public) years before this litigation even began. As discussed above, the filing of these two assignments created an unbroken chain of title, and switched the burden of proof for standing or patent ownership to Asus. However, even now, Asus is unable to provide anything but speculation as to its ownership claim. Discussions on these points were previously made at ECF 58 at 4-12.

The panel properly found that, to the extent that Asus is raising an Article III standing challenge, that argument cannot be waived or forfeited. Instead, the panel properly found that “Mr. Rice’s testified under oath at trial that Lone Star owns the ’435 Patent” and that “Asus never controverted that testimony, so on the facts of this case, Lone Star has satisfied Article III standing.” ECF 76 at 2-3. As discussed above, Asus chose not to controvert Mr. Rice’s testimony.

II. The Panel’s Findings Regarding the So-Called “Secret Claim Construction” Were Proper

A. The Panel Properly Found That There Was Only One Construction Given For “Individual Color”

The District Court adopted only one construction for “individual color.” No other definition was given. And more notably, the definition of “individual color” was the construction that *Asus proposed*. Appx1057. In addition, Asus has agreed that the construction for “individual color” is correct. Appellant’s Reply Br. at 37.

To that end, Asus has waived any argument that such a construction was in error. *See Key Pharms v. Hercon Labs. Corp.*, 161 F.3d 709,715 (Fed Cir. 1998) (“The impropriety of asserting a position which trial court adopts and then complaining about it on appeal should be obvious on its face, and litigants hardly need warning not to engage in such conduct”). The District Court construed “individual color” as “linear combination of colors or color components.” This was the only construction given to the jury relating individual color. Appx7498.

B. The Panel Properly Found That Asus Did Not Raise Any Meaningful Argument Showing Harm Regarding The Application of “Individual Color”

Asus claims that a “secret construction” of “individual color” bound the parties and that this caused Asus harm. The panel properly found that Asus only challenged on appeal the jury’s finding of infringement based on claim limitation 1(e), which is the “without affecting ... any other color.” However, the panel properly found that Asus had forfeited that argument because it was not raised in Asus’s Rule 50(b) brief before the District Court.

In its Request for Rehearing, Asus simply points to arguments already made and briefed before this Court. Asus offers no additional harm that it suffered. Further, the arguments made (and then summarized in the Request for Rehearing) mostly relate to the “without affecting . . . any other color” that the panel properly

found that Asus had forfeited its non-infringement challenge based on this element.

In an effort to not simply repeat itself, Lone Star references its original responsive brief, explaining why Asus's interpretation of "individual color" is misplaced. ECF 58 at 39-46.

C. Asus's Interpretation Of The Patent Would Exclude The Preferred Embodiments In The '435 Patent

While Lone Star does not want to rehash arguments, it wants to further point out that interpreting the claims as Asus does to assert non-infringement, would exclude the preferred embodiments in the '435 Patent. For example, the District Court noted that a preferred embodiment in the patent specification provided one example of what "having said selected individual color" means:

In case 1, where the independent red hue control delta value, H_r , or, the independent red saturation delta value, S_r , of Step (b), is not equal to zero, there is identifying each input image pixel having red, R , as the individual color whose hue or saturation was selected to be independently changed, according to the following logical conditions: $R_{in} > [Arg + G_{in}]$ and $R_{in} > [Arb + B_{in}]$, where Arg and Arb are positive constants.

Appx114 at 10:26–34 (emphasis added). The other preferred embodiments are in accord. *See, e.g., id.* at 10:35–42. To interpret the "identifying" step otherwise would have been improper because it would improperly exclude all preferred embodiments. *Helmsderfer v. Bobrick Washroom Equip., Inc.*, 527 F. 3d 1379, 1383 (Fed. Cir. 2008) ("Our case law generally counsels against interpreting a claim

term in a way that excludes the preferred embodiment from the scope of the invention.”). Here, in each embodiment, a set of pixels is identified according to two inequalities. And applying those inequalities, pixels coded to display other exact individual colors would be “identifi[ed].”

Further Asus previously suggested that “[f]or example, if the logical condition is that the red component is greater than or equal to zero, then every color and every pixel will satisfy that logical condition, because the minimum value for red is always zero.” Opening Brief at 64-65. But, this argument is illogical. If an individual color is selected to be changed – for example red – then only pixels having at least some level of that individual color will be identified to be changed. That excludes pixels with zero value, because such pixels do not contain the individual color.

As further explanation, under the District Court’s claim construction order “pixels are identified as ‘having red’ when they satisfy logical conditions, not when they correspond to a particular color point.” App2270-2271. Again, the logical conditions that the District Court referred to here are located in the patent specification. For example, $R_{in} > [Arg + Gin]$ and $R_{in} > [Arb + Bin]$. Thus, if you take “red” for example, under the Court’s construction other pixel colors (such as magenta) can change and still comply with the claim construction order. Pixel colors can change if they have more of a red component than the green or blue

component. Appx1065 (“Said plainly, case 1 modifies a pixel only if its red component value (R_{in}) is greater than its green component (G_{in}) and blue component (B_{in}) values by a certain amount (Arg and Arb , respectively). And pixels that satisfy those inequalities are not limited to the exact individual color selected to be changed. *See* Appx1061-1066.

Again, further explanation regarding the “individual color” and its application as taught by the patent specification and the preferred embodiments was previously explained at ECF 58 at 39-46.

III. Conclusion

For the reasons stated above, Lone Star asks that Asus’s Petition for Rehearing and Rehearing *En Banc* be denied.

Dated: April 4, 2025

Respectfully submitted,

/s/ Jennifer Ishimoto

Jennifer Ishimoto

BANIE & ISHIMOTO LLP

2100 Geng Road, Suite 210

Palo Alto, CA 94303

ishimoto@banishlaw.com

*Attorneys for Appellee Lone Star
Technological Innovations, LLC*

CERTIFICATE OF COMPLIANCE

I hereby certify that this filing complies with Federal Rule of Appellate Procedure 40(e). This filing contains 2,574 words, according to the word count feature in Microsoft Word.

I hereby certify that this brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). The motion has been prepared in a proportionally spaced typeface using Times New Roman in 14-point size.

/s/ Jennifer Ishimoto
Jennifer Ishimoto

CERTIFICATE OF SERVICE

I, Jennifer Ishimoto, hereby certify on this 4th day of April 2025 that I am electronically filing the foregoing **APPELLEE’S RESPONSE TO COMBINED PETITION FOR PANEL REHEARING AND REHEARING EN BANC** using the Court’s CM/ECF system, which will send notification to all counsel of record.

/s/ Jennifer Ishimoto

Jennifer Ishimoto